

**U. S. General Services Administration
GSA Region 9
Real Estate Acquisition Division**

LEASE NUMBER: GS-09B-03374 (LAS03374)
PROJECT NUMBER: 5AS0011
AGENCY NAMES: [REDACTED]

1. IDENTIFICATION AND DESCRIPTION OF ACTION BEING APPROVED

The General Services Administration currently leases 9,884 Rentable Square Feet (RSF) of office and related space together with nine parking spaces at Pago Plaza, Highway 1, Pago Pago, AS 96799 under leases LAS01533, LAS01783 and LAS01784. [REDACTED] occupies 1,843 RSF, [REDACTED] occupies 728 RSF, [REDACTED] occupies 1,075 RSF, NOAA Pacific Island Office [REDACTED] occupies 3,758 RSF, [REDACTED] occupies 1,850 RSF, and [REDACTED] occupies 630 RSF. Leases LAS01533, LAS01783, and LAS01784 each expire on December 31, 2016. Approval is requested to negotiate a 20 year succeeding lease for [REDACTED] and [REDACTED] with the incumbent Lessor without full and open competition for the continued occupancy of the above referenced agencies at this leased location.

2. DESCRIPTION OF SUPPLIES AND SERVICES REQUIRED

The requirement is 9,884 RSF/9,729 ANSI/BOMA Office Area square feet (ABOA) for a 20 year total term succeeding lease commencing on January 1, 2017. The three [REDACTED] agencies and [REDACTED] will have a 15 year firm term, with the right to unilaterally terminate and release their blocks after year fifteen. [REDACTED] will have a five year firm term, with the right to unilaterally terminate and release its block after year five, and [REDACTED] will have a one year firm term, with the right to unilaterally terminate and release its block after year one. [REDACTED] and [REDACTED] will only accept a five year firm term and a one year firm term respectively to have flexibility in downsizing in the near future. The Occupancy Agreement between all agencies and GSA will be non-cancelable during the firm term of the lease. Minimal tenant improvements (TI) may be required so 25% of the maximum TI allowance will be included in the procurement.

The current annual rental rate for Lease No. LAS01533 is [REDACTED] per RSF per annum (4,276 RSF), Lease No. LAS01783 is [REDACTED] per RSF per annum (1,850 RSF), and for Lease No. LAS01784 is [REDACTED] per RSF per annum (3,758 RSF). The average composite of these three leases is currently [REDACTED] per RSF per annum. Under the proposed action, the three leases would be consolidated under one lease and the estimated flat rental rate for the first 15 years is [REDACTED] shell rent + [REDACTED] operating rent + [REDACTED] TI rent¹⁾ per RSF per annum. The estimated flat rental rate for the 5 year non-firm term is [REDACTED]

¹ The full tenant improvement allowance for these agencies is \$1,136,833.65. 25% of the allowance is thus \$284,208.41, amortized over 15 years at a rate of 8% interest equates to \$32,592.52 TI rent per annum (\$3.30/RSF/annum).

shell + [REDACTED] operating) per RSF. The estimated total contract value for the total 20 year term is [REDACTED] per RSF per annum)².

The delineated area is the Pago Harbor area on the island of American Samoa.

3. IDENTIFICATION OF STATUTORY AUTHORITY

41 U.S.C. 3304 (a)(1): Only one responsible source and no other type of property or services will satisfy the needs of the executive agency.

4. DEMONSTRATION THAT THE ACQUISITION REQUIRES USE OF THE AUTHORITY CITED

GSAM 570.402-5 allows for negotiation with the incumbent lessor when a cost-benefit analysis shows that the Government cannot expect to recover relocation and duplication costs through competition. Since the space requirement is under 10,000 square feet, it is exempt from the requirement to advertise in the Federal Business Opportunities (FBO) website. There is no central database or multiple listing service to track commercial space inventory in American Samoa. GSA has developed a listing of buildings and contact information and sent email inquiries with follow-up phone calls to determine what spaces were available. The incumbent Lessor sent an expression of interest in the procurement and GSA found two additional buildings that had the available square footage to meet the full requirement (see Section 5).

Cost-Benefit Analysis Acquisition of 9,884 Rentable Square Feet (RSF) 20 Year Full Term Analysis

	Present Location	Alternate Location
Average 20 year full term rent/annual RSF rate (Shell Rent+Operating Rent)	[REDACTED]	[REDACTED]
New amortized Tenant Improvements per OA Tool and amortized at 8%	[REDACTED]	[REDACTED]
Estimated Lump Sum RWA required for above TI allowance in American Samoa market @ \$30/ABOA AF	\$ 0	\$ [REDACTED]
Cost of Physical Move @ \$3/ABOA SF	\$ 0	\$ [REDACTED]
Voice and Data Move @ \$11/ABOA SF	\$ 0	\$ [REDACTED]
Total 20 year cost/ annual RSF rate (no escalations included)	[REDACTED]	[REDACTED]
20 year full term lease savings	[REDACTED]	

² [REDACTED] X 9,884 RSF X 15 years = [REDACTED] plus [REDACTED] X 9,884 RSF X 5 years = [REDACTED] for a total contract value of [REDACTED]

³ Average shell rent of [REDACTED] and operating rent of [REDACTED]

The cost of relocating agencies using the low cost quote exceeds the cost of remaining at Pago Plaza. The savings to the Government is [REDACTED]. Based on this cost-benefit analysis, the Government cannot expect to recover relocation and duplication costs through competition. Therefore, the Government intends to negotiate a succeeding lease and remain at its current location.

5. DESCRIPTION OF EFFORTS TO SOLICIT AS MANY OFFERS AS PRACTICAL.

The main business district for American Samoa is located in Pago Harbor along a six block stretch of the main highway that includes the villages of Utulei, Fagatogo, and Pago Pago. Due to the mountainous topography, there is little level, developable land in this business district.

GSA conducted a physical market search in American Samoa in September 2014 and found two potential alternatives, which were again confirmed in December 2015. Both buildings, the Lumana'i Building in Fagatogo and the Fagatogo Square Building in Fagatogo, had the square footage available to rent but would be in need of a complete internal, external, and infrastructure redevelopment in order to create an office building with ADA access, elevators, restroom overhauls, energy efficient systems, central air conditioning, seismic retrofits, etc., to be able to meet GSA requirements.

GSA additionally broadened the market search by expanding the boundaries to a five mile radius of the center of the Pago Harbor district, which essentially included all commercial areas on the island. Two other locations, Laufau Shopping Center in Nuuuli and Ottoville Center II in Tafuna did not have enough square footage available to house the agencies.

6. DEMONSTRATION THAT THE ANTICIPATED COST WILL BE FAIR AND REASONABLE.

In accordance with Federal Acquisition Regulation (FAR) 6.303-2(a)(7), the Contracting Officer certifies by signing this document that the anticipated total contract cost of [REDACTED] for the 20 year lease term is determined to be fair and reasonable.

The market analysis conducted by GSA for American Samoa showed the rate within the delineated area ranges from [REDACTED] to [REDACTED] per RSF, inclusive of amortized tenant improvements (excluding the incumbent). The projected average annual rental rate in the open market (excluding the incumbent) for this succeeding lease is [REDACTED] per RSF per Section 7 below.

7. DESCRIPTION OF MARKET ANALYSIS CONDUCTED.

A market analysis was conducted by GSA in December 2015. Current GSA landlords and the largest landlords on the island were contacted for space availability. The market analysis demonstrated comparable full service rental rates for similar buildings ranging from [REDACTED] to [REDACTED] per RSF, inclusive of amortized tenant improvements and parking.

Market Analysis Comparables

5. Description of Efforts to Solicit as Many Offers as Practicable:

The main business district for American Samoa is located in Pago Harbor along a six block stretch of the main highway that includes the villages of Utulei, Fagatogo, and Pago Pago. Due to the mountainous topography, there is little level, developable land in this business district.

GSA conducted a market search in American Samoa in September 2014 and found two potential alternatives, which were again confirmed in July 2015. Both buildings, the Lumana'i Building in Fagatogo and the Fagatogo Square Building in Fagatogo, had the square footage available to rent but would be in need of a complete internal, external, and infrastructure redevelopment in order to create an office building with ADA access, elevators, restroom overhauls, energy efficient systems, central air conditioning, seismic retrofits, etc., to be able to meet GSA requirements.

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6. Demonstration that the Anticipated Cost will be Fair and Reasonable:

In accordance with FAR 6.303-2(a)7, the Contracting Officer determines by certifying this document that the anticipated cost to the Government of [REDACTED] per Section 2 above for the entire requirement is fair and reasonable.

The market analysis conducted by GSA for Pago Pago, American Samoa showed the rate within the delineated area ranges from [REDACTED] to [REDACTED] per RSF, inclusive of amortized tenant improvements. The projected average annual rental rate in the open market for this Succeeding lease is [REDACTED] per RSF per Section 7 below.

7. Description of the Market Analysis Conducted:

A market analysis was conducted by GSA on May 15, 2015. Current GSA landlords and the largest landlords on the island were contacted for space availability. The market analysis demonstrated comparable full service rental rates for similar buildings ranging from [REDACTED] to [REDACTED] per RSF, inclusive of amortized tenant improvements and parking.

Market Analysis Comparables

Building	20 year Average Annual Full Service Rental Rate ¹ (with TI amortization and parking)
Letiatasi Building (NPS) – incumbent	[REDACTED]/rsf/yr ²
Fagatogo Square	[REDACTED]/rsf/yr

<u>Building</u>	<u>20 year Average Annual Full Service Rental Rate (with TI amortization and parking)⁴</u>
Pago Plaza - [REDACTED]	[REDACTED]/rsf/yr ⁵
Letiatasi Building [REDACTED]	[REDACTED]/rsf/yr
Fagatogo Square	[REDACTED]/rsf/yr ⁶
Lumana'i Building	[REDACTED]/rsf/yr ⁷
Centennial Office Bldg [REDACTED]	[REDACTED]/rsf/yr
Average Rate for alternate locations from Market Analysis	[REDACTED]/rsf/yr

8. OTHER FACTORS SUPPORTING THE USE OF FULL AND OPEN COMPETITION.

Not Applicable

9. LIST OF SOURCES THAT EXPRESSED INTEREST IN THE ACQUISITION.

- 1) Pago Plaza [REDACTED]
- 2) Lumana'i Building, Fagatogo
- 3) Fagatogo Square, Fagatogo

10. STATEMENT OF ACTIONS TO OVERCOME BARRIERS TO COMPETITION

Not applicable.

⁴ For purposes of comparison, full service rates for all alternate locations include an additional [REDACTED] per RSF, which was added to account for the tenant improvement (TI) cost not included in the rental rate (TI allowance of [REDACTED] per USF amortized over 15 years at 8% interest). The rates are averaged for the 20 year full term. The TI cost estimate to be amortized in rent is approximately [REDACTED] ([REDACTED] USF - [REDACTED] USF)

⁵ The incumbent's estimated rate includes [REDACTED] of the full TI allowance, which equates to \$284,208, which is amortized over the 15 year firm term at a rate of 8% interest. The rates are averaged for the 20 year full term.

⁶ Includes [REDACTED] per RSF for estimated shell building upgrades

⁷ Includes [REDACTED] per RSF for estimated shell building upgrades

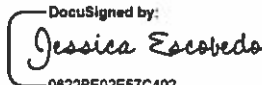
11. TECHNICAL REQUIREMENTS PERSONNEL CERTIFICATION

I certify that the supporting data used to form the basis of this justification is complete and accurate to the best of my knowledge and belief.


Prepared by:  3/3/2016
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Roy Oshita
Leasing Specialist Date

12. CONTRACTING OFFICER CERTIFICATION

By signature on this Justification for Other than Full and Open Competition, the Contracting Officer certifies that the award of a consolidated succeeding lease of 9,884 RSF is in the Government's best interest and that this justification is accurate and complete to the best of my knowledge and belief.

Certified:  3/3/2016
0822BE02E57C402
Jessica L. Escobedo
Lease Contracting Officer Date

Concur:  3/4/2016
08C075B5011E401
Guadalupe Flores
Branch Chief Date

Initials:  3/11/2016
Pamela Collins
Deputy Real Estate Director Date

 3/11/2016
77B21098B347438
Abdee Gharavi
Real Estate Acquisition Division Director Date

 3/11/2016
CE6BD8E1CB5F4DE
Samuel J. Morris III
Regional Counsel Date

 3/14/2016
E009141A315946C
Tracy Wilmot
Regional Competition Advocate Date